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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91115198
Party	Plaintiff THE VERMONT TEDDY BEAR COMPANY, INC. ,
Correspondence Address	H. JAY SPIEGEL H. JAY SPIEGEL & ASSOCIATES P.O. BOX 11 MOUNT VERNON, VA 22121
Submission	Re-submission of Paper filed on February 15, 2005: Opposer's Reply to Applicant's Opposition to Opposer's Request for Reconsideration of the Board's Order of December 17, 2005
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

THE VERMONT TEDDY BEAR COMPANY, INC.,	)	
Opposer,	)	
v.	)	Opposition No. 91115198
BUILD-A-BEAR WORKSHOP, INC.,	)	
Applicant.	)	

REPLY IN FURTHER SUPPORT OF OPPOSER'S REQUEST FOR RECONSIDERATION

I. INTRODUCTION

This Reply is presented to reply to Applicant's Opposition to Opposer's Request for Reconsideration of the Board's grant of summary judgment to Build-A-Bear Workshop, Inc. in the above-captioned Opposition proceeding, to clarify the issues raised in Vermont's Request for Reconsideration and to rebut the arguments set forth in Build-A-Bear's Opposition.

There is no provision in the Trademark Rules of Practice for the filing of Reply Briefs on Motions. TBMP § 502.03. On the other hand, they are not expressly prohibited. *Id.* If a Reply Brief is going to be filed, the Trademark Trial and Appeal Board (the Board) urges that it be filed "within 15 days from the date of service of the paper to which the brief responds (20 days if service of the paper to which the brief responds was made by first-class mail ..."). *Id.* Here, the paper to which this reply responds was filed on February 4, 2005, and served via first class mail. Thus, under the guideline set forth in TBMP § 502.03, it should be filed on or before February 24, 2005. This Reply Brief was filed using the ESTTA on February 15, 2005. On February 14,

2005, the undersigned, Counsel to Opposer, The Vermont Teddy Bear Company, Inc. (Vermont), left a voice mail message with Interlocutory Attorney, Thomas Wellington, informing him that a Reply Brief would shortly be filed by Vermont, and requesting that any decision on Vermont's pending Motion be postponed until receipt of this Brief.

II. ARGUMENT

A. Background

In opposing Vermont's Request for Reconsideration, Applicant, Build-A-Bear Workshop, Inc. (Build-A-Bear), appears to have lost sight of the fact that Build-A-Bear, not Vermont, moved for Summary Judgment and on a ground chosen by Build-A-Bear with no input from Vermont. After Build-A-Bear's Motion for Summary Judgment (Build-A-Bear's Motion) was filed on June 15, 2004, (paper nos. 32-34), the Board issued an Order on June 17, 2004, (paper no. 35), suspending the proceedings for any issues not germane to the issues raised in Build-A-Bear's Motion. Build-A-Bear's Motion is directed to a single issue, namely, that, allegedly, "VTB's alleged use of a heart is merely ornamental and, therefore, insufficient as a matter of law to support its opposition." Build-A-Bear's Motion at 1. Thus, pursuant to the Board's Order of June 17, 2004, the only issue that Vermont was permitted to address until such time as Build-A-Bear's Motion was decided was the issue of whether Vermont's mark is or is not ornamental. The remaining issues addressed in Vermont's Notice of Opposition (Vermont's Notice) were not permitted to be addressed.

B. Vermont's Remaining Claims were not Unpleaded

Build-A-Bear's allegation that Vermont is attempting to assert unpleaded claims is just plain false. In Vermont's Notice, paragraphs 13 and 14 clearly stated those facts, known at that

time to Vermont, that Build-A-Bear's CEO Maxine Clark signed a declaration that on information and belief was signed with knowledge of its falsity when it was signed. Vermont's Notice at ¶13-14; Vermont's Request for Consideration (Vermont's Request) at 2-3. During the deposition of Ms. Clark on June 22, 2004, five days after entry of the Board's Suspension Order, additional facts became known for the first time that led Vermont to the conclusion that a fraud had been committed on the part of Build-A-Bear. The details of this alleged fraud are set forth on pages 2-4 of Vermont's Request.

Opposition proceedings are governed by the Federal Rules of Civil Procedure. TBMP § 101.02. 37 C.F.R. § 2.116(a). Fed.R.Civ.P. § 9a requires an allegation of fraud to be "stated with particularity." Had Vermont made an out and out allegation of fraud in Vermont's Notice, without particular facts known to support it, it is all but certain that Build-A-Bear would have promptly filed a Motion to Strike that pleading. Thus, it is disingenuous of Build-A-Bear to now allege that Vermont attempts to assert unpleaded claims where it was Build-A-Bear that filed the Motion for Summary Judgment before the facts could be ascertained as to whether a fraud had been committed.

Further, in this regard, the Board is reminded of Build-A-Bear's aggressive effort to shield Ms. Clark from having to attend a deposition. During a telephone conference on June 16, 2004, between the Interlocutory Attorney and Counsels to the parties, Build-A-Bear requested "that the Board immediately suspend proceedings, including the Rule 30(b)(6) deposition" of Ms. Clark. The Board's Order of June 17, 2004, paper no. 35, at 2.[1] Now, Build-A-Bear wants

[1]It is noted that the Board's Order inadvertently reverses the identities of the parties, identifying Vermont as the Applicant and Build-A-Bear as the Opposer. However, when the identities of the parties is appropriately corrected, the import of Build-A-Bear's position is clear: they attempted to employ the filing of their Motion for Summary Judgment to shield Ms. Clark from having to be deposed.

to have its cake and eat it too. Having failed to shield its CEO from being deposed, it now wants to preclude a hearing concerning the fruits of that deposition.

C. Facts Supporting Vermont's Fraud Claim did not come to light until after the Order of Suspension was Entered

On page 12 of Build-A-Bear's Opposition, Build-A-Bear points out that in Vermont's Response to the Motion for Summary Judgment (Vermont's Response), Vermont did not make out a fraud claim, and uses this alleged omission as evidence that Vermont should not be permitted to bring such a claim now. Again, as Build-A-Bear well knows, the evidence of the fraud claim did not come to light until after the Board's Suspension Order of June 17, 2004. The issues raised by Build-A-Bear in their Motion for Summary Judgment do not include a fraud claim. Thus, under the Order of Suspension of June 17, 2004, Vermont was not permitted to raise the fraud issue until the issues raised by Build-A-Bear in their Motion for Summary Judgment were resolved by the Board.

Reliance by Build-A-Bear on *Levi Strauss & Co. v. R. Josephs Sportswear, Inc.*, 36 USPQ2d 1328, 1329 (TTAB 1994) to support Build-A-Bear's position is misplaced. In that case, the Board refused to permit the Opposer to add a section 2(d) claim after the Opposition was dismissed. Vermont is unaware of any requirement of the Federal Rules or of Chapter 2 of Title 37 of the Code of Federal Regulations to plead a section 2(d) claim with the particularity required of a fraud claim in Fed.R.Civ.P 9(a). Thus, failure to do so in originally filed pleadings is a completely different and non-analogous issue than the issue before the Board, to wit, whether a pleading, alleging that a declaration in a trademark application signed with alleged knowledge of its falsity may be amended to allege fraud, where the particular facts supporting the fraud

allegation were uncovered after the date of an Order of Suspension precluding raising of the issue until such time as a pending Motion for Summary Judgment was decided.

D. Build-A-Bear cannot possibly be surprised or prejudiced by Vermont's raising the issue of Build-A-Bear's Fraud

Build-A-Bear's reliance upon *United States Olympic Committee v. O-M Bread Inc.*, 26 USPQ2d 1221, 1223 (TTAB 1993), and *Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423, 1440 (TTAB 1993) (Build-A-Bear's Opposition at 13) is inapposite. In *Hilson*, the issue was not summary judgment. Rather, *Hilson* raised a claim of abandonment for the first time at the final hearing. The Board barred admission of the claim at that late date since the claim had not been pleaded in the Notice of Cancellation nor had *Hilson* moved to amend after it learned of facts to support such a claim. 27 USPQ2d at 1439-40. The Board's refusal to consider the issue of abandonment raised for the first time at the final hearing in *Hilson* does not preclude the Board here from permitting Vermont to amend its pleadings to set forth the facts to support a fraud claim, particularly where those facts became known during a time when an Order of Suspension was effective. Vermont is surprised at Build-A-Bear's allegation that Vermont's attempt to amend the Notice of Opposition to fill in the details of a fraud claim "has substantially prejudiced and unfairly surprised BABW." Surely, Build-A-Bear was aware of the facts elicited from Ms. Clark's sworn testimony well before the deposition of Ms. Clark was conducted. Even if this is not the case, Build-A-Bear became aware of those sworn facts on June 22, 2004, when the testimony was given. The Request for Reconsideration was filed by Vermont five months later. The notion that Build-A-Bear could in any way be prejudiced or surprised by its own fraud is ludicrous.

In *Olympic Committee*, the Board permitted amendment of a Notice of Opposition by Opposer because the amended claim was related to facts pleaded in Applicant's Motion for Summary Judgment. 26 USPQ2d at 1222. As Build-A-Bear has argued time and time again, the issue raised in Build-A-Bear's Motion concerns Vermont's manner of use of a heart, not Build-A-Bear's manner of use or conduct. Build-A-Bear's Memorandum in Support of Motion for Summary Judgment at 1-2 and 7. Thus, by Build-A-Bear's own admission, Maxine Clark's alleged fraud is not germane to the question of whether Vermont's use of the heart in a teddy bear is or is not ornamental.

Build-A-Bear has cited no case precedent in which the Board or any Court permitted amendment of a Notice of Opposition, after the Board had suspended the proceedings, where the amendment pertained to a claim non-germane to the issue raised on summary judgment.

E. The lengthy pendency of this Opposition Proceeding does not change the fact that evidence of fraud was uncovered after the Board's Order of Suspension

As pointed out by Build-A-Bear's Brief in Opposition to Vermont's Motion (Build-A-Bear's Opposition) at 14, this Opposition proceeding has been pending for over five years. It is important to note, however, that from August 12, 1999 to August 14, 2003, a period of over 4 years, nothing occurred before the Board other than a series of requested and granted extensions as well as suspensions to permit the parties to attempt to settle their dispute. Paper Nos. 1-23. After the Answer was filed by Build-A-Bear on August 15, 2003, additional extensions were granted for the next 10 months until culminating in Build-A-Bear's filing of its Motion for Summary Judgment. Thus, out of the 5 ½ years of pendency of this proceeding, the proceeding has essentially been dormant before the Board for all but six months. As such, it is disingenuous

of Build-A-Bear to use the extensive time period during which settlement negotiations took place as a reason to deny Vermont's Motion.

In Vermont's Motion, Vermont makes clear that it reserves the right to appeal the Board's decision on the issue of ornamentality. Vermont's Motion at 2, Fn1. Vermont makes it equally clear that the purpose for Vermont's Motion is not to directly dispute the Board's decision on ornamentality, but rather to dispute that that decision should result in total termination of the Opposition proceeding. In Vermont's Notice, Vermont clearly pleaded, in paragraphs 13, 14 and 16, issues beyond those decided by the Board in the Order of December 17, 2004, paper no. 43.

F. Vermont's Fraud Claim is not Precluded by the Board's Decision

Build-A-Bear argues that the Board's decision that Vermont has no trademark rights precludes Vermont's fraud claim as a matter of law. Build-A-Bear's Opposition at 14-15. In support of this assertion, Build-A-Bear argues that one of the elements Vermont must plead and prove is that Vermont "had legal trademark rights superior to BABW's rights." Build-A-Bear's Opposition at 14. In response, as pointed out in Vermont's Request, descriptive use by a petitioner or even third party use is sufficient to defeat a claim of exclusive use required for Build-A-Bear to be able to register its so-called mark. Vermont's Request at 9 and *Perma Ceram Enterprises Inc. v. Preco Industries, Ltd.*, 23 USPQ2d 1134, 1136 (TTAB 1992). *McCarthy on Trademarks and Unfair Competition*, § 20:80, page 20-138 and *Moore Business Forms, Inc. v. Continu-Forms, Inc.*, 9 USPQ2d 1907 (TTAB 1988).

III. CONCLUSION

For the reasons set forth above, in conjunction with those reasons set forth in Vermont's Motion, it is respectfully requested that Vermont's Motion be granted and that the Opposition be

reinstated to adjudicate the issues identified in paragraphs 13, 14 and 16 of Vermont's Notice.

As requested in Vermont's Motion, the Board is requested to grant leave to amend the Notice of Opposition, if necessary, to clarify the specific grounds of opposition set forth in paragraphs 13, 14 and 16 of Vermont's Notice.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Honorable Commissioner for Trademarks
P.O. Box 1451
Alexandria, Virginia 22313-1451

Sir:

I hereby certify that a true copy of the foregoing REPLY IN FURTHER SUPPORT OF OPPOSER'S REQUEST FOR RECONSIDERATION was served by First Class Mail, postage prepaid, this 15th day of February, 2005, on the following Attorney for Applicant:

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DATED: February 15, 2005

Respectfully submitted,

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